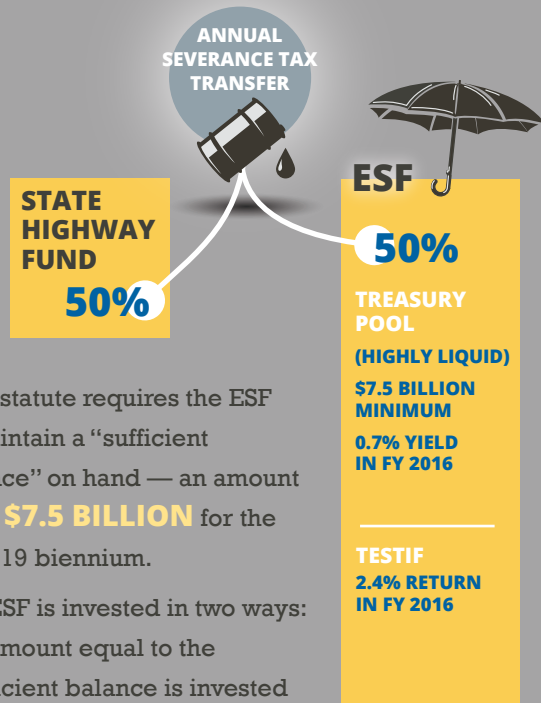


INVESTING THE ESF

The Comptroller's office proposes a way to use the state's Economic Stabilization Fund (ESF) to generate additional revenue for long-term obligations of the state without endangering the fund's original purpose of protecting state finances against economic shocks.

CURRENT ESF STRUCTURE



State statute requires the ESF to maintain a “sufficient balance” on hand — an amount set at **\$7.5 BILLION** for the 2018-19 biennium.

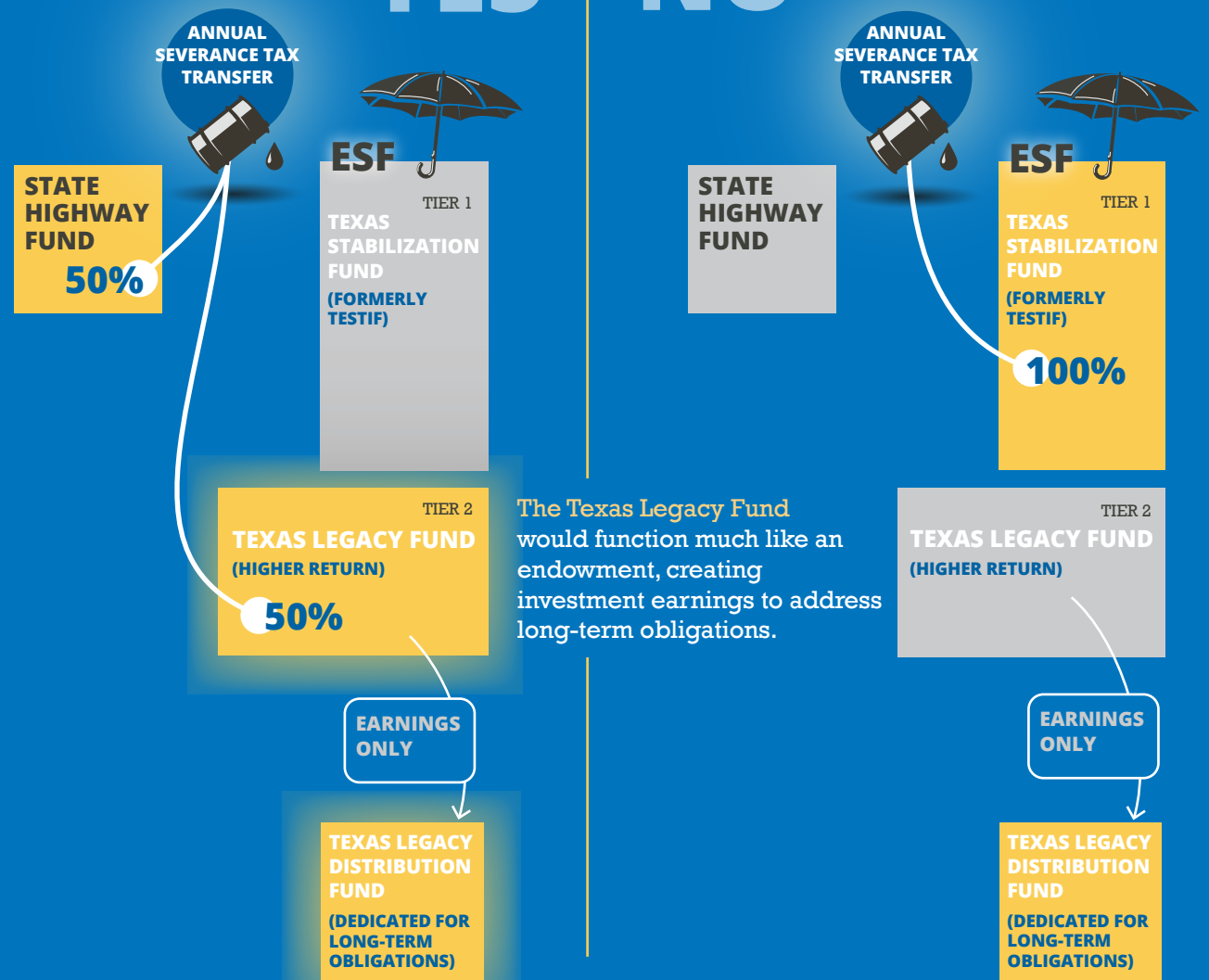
The ESF is invested in two ways:

- an amount equal to the sufficient balance is invested in the Treasury Pool.
- Amounts above the sufficient balance are invested in the Texas Economic Stabilization Investment Fund (TESTIF), which offers a slightly higher return than the Treasury pool.
- TESTIF has two primary performance objectives:
 - 1) maintaining purchasing power; and
 - 2) delivering returns in excess of short-term cash equivalents.

PROPOSED ESF STRUCTURE

AT SUFFICIENT BALANCE ?

YES | **NO**



The Texas Legacy Fund would function much like an endowment, creating investment earnings to address long-term obligations.